



# PRIMER

## Indiana State Teachers' Retirement Fund

### For Active and Retired Members

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## Following the Money Trail

By: Steffanie Rhinesmith

Retirement benefits at TRF are funded from three sources: the member's 3% contribution, contributions from School Districts and contributions from Indiana's General Fund. The following table tracks the flow of money from the source through TRF to retirement.

Members' Annuity Savings Account (ASA) Benefit	Pension Benefit from 1996 "New" Plan	Pension Benefit from Pre-1996 "Closed" Plan
School Districts collect 3% of member's pay and any voluntary member contributions during a calendar quarter.	For each member hired or transferred after July 1, 1995, School Districts must contribute a pre-determined percentage of pay to TRF. The current contribution rate is 6.82% (currently offset by lottery commissions) and is actuarially determined by the TRF Board of Directors each year.	For each member hired before July 1, 1995, no contributions are collected by TRF prior to the retirement of the member.
↓	↓	↓
Contributions are sent to TRF by the 15 <sup>th</sup> of month following the end of the quarter as per Indiana Code.	Contributions are sent to TRF by the 15 <sup>th</sup> of month following the end of the calendar quarter.	The State sends contributions to TRF on a quarterly basis based on the amount necessary to pay benefits for all members currently retired and being paid each month.
↓	↓	↓
TRF deposits contributions into each member's Annuity Savings Account.	TRF deposits contributions into the 1996 Employer Reserve Account.	When authorized by the General Assembly, TRF may use money from the Pension Stabilization Fund to pay benefits for retired teachers.
↓	↓	↓
Contributions begin earning interest or investment earnings based on the investment direction of the member, beginning on the first day of the next calendar quarter, per Indiana code.	Contributions are invested according to an asset allocation determined by the Board of Trustees.	The Pension Stabilization Fund is managed by the TRF Board of Trustees and invested according to an asset allocation plan determined by the Trustees. □
↓	↓	
Upon retirement or separation of service member can access accumulated balance in ASA.	Upon retirement, the member's monthly retirement benefit is paid from the 1996 Employer Reserve Account.	

## Are you receiving a retirement check and considering a return to work?

By: Shelley Horner

A member who is receiving a monthly retirement check from TRF may be subject to restrictions on the amount of earned income they can receive. These restrictions apply only to a retired member who returns to work in a TRF/PERF covered position after retirement and is under the Social Security normal retirement age. The member is not subject to these restrictions if they return to work in a position not covered by TRF/PERF or in any position in a state other than Indiana.

<u>Year of Birth</u>	<u>Normal Retirement Age</u>
1937 or earlier	65 years
1938	65 years and 2 months
1939	65 years and 4 months
1940	65 years and 6 months
1941	65 years and 8 months
1942	65 years and 10 months
1943-1954	66 years
1955	66 years and 2 months
1956	66 years and 4 months
1957	66 years and 6 months
1958	66 years and 8 months
1959	66 years and 10 months
1960 and later	67 years

Are you:

- Under the social security normal retirement age
- Receiving a monthly retirement check from TRF
- Re-employed in a TRF- or PERF-covered position

You are subject to an annual earnings limitation of \$25,000 if you meet the requirements noted above. This is calculated on a fiscal year basis, July 1 through June 30. When your earnings for services rendered in a covered position reach \$25,000, it is the responsibility of both the member and the employer to notify TRF. If this notification is not made in a timely manner and you continue to receive retirement checks from TRF, you will be required to repay the overpayment.

When you decide to retire again, a supplemental benefit will be calculated based on your salary and service during the period of reemployment. This supplemental benefit will be added to your original retirement benefit and paid in one monthly payment for your lifetime.

### **Long-Term Care Insurance... *A solution for protecting your assets and ensuring personal and health care choices***

Ask someone about long-term care and you're likely to hear: "I'm not going to a nursing home," or "I won't need long-term care because I'm healthy and take good care of myself," or "I'm sure I'm already covered with my current [health insurance, Medicare, Medicare supplements, and/ or disability] policy."

Attend a Fall seminar to find out why these myths or dangerous assumptions can create real vulnerability, not just for you but your loved ones as well. Long-term care (LTC), averaging over \$50,000 per year, is the single greatest threat to one's retirement savings, but there is a solution. As a Teachers' Retirement Fund member, you and your relatives are now eligible for the ISTA-sponsored Long-Term Care Insurance Program at discounted rates. Since one size does not fit all, you have your choice of several policies from top-rated carriers, along with help from an agent, personally assigned to you, to determine which one best meets your needs. For more information on the ISTA sponsored program and to register for a seminar (schedule below) call 888-533-2130 or visit [www.ista.onlineltc.com](http://www.ista.onlineltc.com).

Evansville, Monday, October 18th @ 3:00pm & 6:30pm  
Terre Haute, Wednesday, October 20th @ 1:30pm & 6:30pm  
Indianapolis- NE, Thursday, October 21st @ 6:30pm  
Columbus, Tuesday, October 26th @ 1:30pm  
Indianapolis- South, Thursday, October 28th @ 1:30pm  
Valparaiso, Monday, November 8th @ 3:00pm & 6:30pm  
Lafayette, Wednesday, November 10th @ 10:30am  
Elkhart, Thursday, November 11th @ 6:30pm  
Muncie, Tuesday, November 16th @ 6:30pm  
Indianapolis- NE, Thursday, November 18th @ 1:30pm



Vincennes, Tuesday, October 19th @ 6:30pm  
Indianapolis- South, Thursday, October 21st @ 1:30pm  
New Albany, Monday, October 25th @ 3:00pm & 6:30pm  
Bloomington, Wednesday, October 27th @ 3:00pm & 6:30pm  
Indianapolis- North, Thursday, October 28th @ 6:30pm  
Kokomo, Tuesday, November 9th @ 6:30pm  
South Bend, Thursday, November 11th @ 1:30pm  
Fort Wayne, Monday, November 15th @ 3:00pm & 6:30pm  
Richmond, Wednesday, November 17th @ 3:00pm & 6:30pm  
Indianapolis- West, Thursday, November 18th @ 6:30pm

IRTA sponsors a Long Term Care Program underwritten by United Teachers Association Insurance Company (UTA) and marketed exclusively by Association Member Benefits Advisors (AMBA). For more information on the IRTA sponsored program call 800-258-7041 or visit [www.amba-info.com](http://www.amba-info.com).

# NEWLAND'S NOTES



About every two or three years the Fund revisits its strategic asset allocation policy. This exercise helps determine what proportion of the Fund's employer assets should be invested in the various asset classes (stocks, bonds, real estate, etc.). Our last allocation was set in November of 2001 and given the bursting of the IT bubble and subsequent bear market, the Trustees felt that it was time for a review.

The exercise is a three-step process. First, with the help of our actuaries, we analyze our liabilities. Second, with the help of our investment consultant, we analyze capital market expectations. Finally, as a result of these two exercises, we decide where to put the money.

The idea is to set a path that will hopefully cover our liabilities with an appropriate investment plan. (As I've alluded to in past articles, the State's "pay-as-you-go" approach makes this very difficult, if not impossible, to do without proper actuarial funding. You can't produce *any* returns if you don't have the money to invest.)

The appropriate asset allocation policy should satisfy two basic criteria. First, the asset mix should reflect the appropriate level of risk for the Fund. Second, given that level of risk, the mix should generate the maximum level of *expected* return. "Risk" is defined as the volatility of returns; that is, how much the returns will vary around an average (statistically, this is the standard deviation). "Returns" are what we *expect* to get from each asset class for the next five years. The *expected* returns are based on past history as well as current market and economic conditions. No one knows for sure if these returns will be accurate; however, with the help of history and statistics, they will hopefully be reasonable.

Studies have found that the vast majority of any excess return of a portfolio comes from asset allocation. Things such as market timing or holding certain securities are only marginally useful. (Some studies have concluded that over 90% is attributable to asset allocation.)

This basic process can be followed by anyone doing financial planning, whether it's for retirement, saving for college, or any other long-term financial goal. The key is setting a reasonable risk posture and then seeing what kind of returns you might expect from that risk.

## Frequently Asked Questions - Anthem Group Health Insurance

By: Maricar Gonzales

Who is eligible? A retired teacher, a member of TRF, receiving benefits from the Fund and enrolled in Medicare Parts A and B. Dependents of retired teachers and surviving spouses who are enrolled in Medicare Parts A and B may also be eligible for coverage.

When do I enroll? Within 30 days of the date your school discontinues your active employee coverage, within 30 days of the date you retire, or within 30 days from the date you become eligible for Medicare or during open enrollment.

When is open enrollment? March (every year).

Where do I obtain enrollment application forms? Call Anthem at 1-866-649-2041 or TRF at 1-888-286-3544.

How do I enroll? Complete an enrollment application form.

What is the difference between the two plans?

**Option A** - Health and Prescription drug coverage.

**Option B** - Health Coverage only.

What is the cost of the different group health plans for contract year, May 2004 – April 2005?

	<b>Option A</b>	<b>Option B</b>
65-69 years	\$315.73	\$131.90
70-74 years	\$343.48	\$143.61
75+	\$372.08	\$155.32

How do I pay the premiums? Premiums are automatically deducted from your monthly benefit check if sufficient funds are available or billed to you monthly if funds are insufficient. Pay Anthem directly or authorize an Electronic Fund Transfer from your bank.

Can I change coverage at anytime? No, you can only change your plan during the open enrollment period.

How do I cancel group health coverage? A written cancellation letter from the member is required and must be sent to Anthem.

Can I cancel group health insurance at anytime? Yes.

When can I enroll in the vision plan? Bi-annually (odd numbered years) during open enrollment period each March.

How much does the vision plan cost for contract year May 2003 – April 2005? Single coverage is \$6.93.

Can I cancel vision insurance at anytime? No, it is a 2-year term contract.

## Contacting The Fund

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## ATTENTION SPRING 2005 RETIREES

If you are planning on retiring at the end of the 2004-05 school year, now is the time to start thinking about the choices you must make. To review the different retirement options available or to calculate an estimate of your benefits, visit our website at [www.in.gov/trf](http://www.in.gov/trf).

If after reviewing your estimate you have questions, you may schedule an appointment with a retirement counselor by visiting our website at or by calling our toll free number (888) 286-3544. Our appointments resume September 20, 2004 and continue through mid-June 2005. Appointments are available every ½ hour from 7:30am - 11:00am and 1:00pm - 3:30pm Monday through Friday (excluding state holidays).

Note: Due to staff availability, we are not able to guarantee specific counselors.



### TRF WEB NEWS

By: Therese Koers

**Voluntary Pre-Tax Contributions** - Has your employer elected the program? A list of participating schools is now available on our website. Click on 'Voluntary Pre-Tax Contributions'.

**Live Help** is now available 9:00 AM - 4:00 PM EST Monday through Friday. If you wish to chat with a TRF staff member, just click on 'Live Help' on TRF's home page and you'll be 'speaking' with a staff member.

**Publications** - Since 2000, publications have been available online, from newsletters to handbooks. If you've misplaced one, click on 'About TRF', 'Publications' for a listing.

### **Coming Soon...**

- ◆ For your convenience and information, TRF is in the process of archiving publications on our website, this includes 23 years of Annual Reports.

The *Primer* is published by the Fund to update members on Fund news and to give general information about Fund benefits. Specific information is available in the Active Member's Handbook, the Retiring Member's Guidebook or by contacting the office.

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